

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION, BUREAU OF INSURANCE  
**ANALYSIS OF EXCESS CAPITAL AND SURPLUS INVESTMENTS REPORT (R01)**  
**INSTRUCTIONS**

**THIS FORM IS REQUIRED OF VIRGINIA DOMESTICS.  
IT IS ALSO REQUIRED OF FOREIGN AND ALIEN COMPANIES WHOSE  
DOMICILIARY JURISDICTIONS DO NOT REGULATE INVESTMENTS.  
(SEE § 38.2-1400 ET. SEQ. OF THE CODE OF VIRGINIA)**

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION, BUREAU OF INSURANCE  
**ANALYSIS OF EXCESS CAPITAL AND SURPLUS INVESTMENTS**  
(Investments Report, Category 2 Investments)  
(All citations are to Chapter 14 of Title 38.2 of the Code of Virginia unless otherwise indicated.)

of \_\_\_\_\_ (“Insurer”) \_\_\_\_\_ (NAIC Co. Code)  
as of \_\_\_\_\_  
(End of Current Reporting Period)

**PART I**

*Schedule of Assets not conforming to Category 1 Investments for reasons other than failure to meet limitations in Parts II or IV.  
Companies having substantial Category 2 investments should show totals under each caption on this page and itemize in attachments.  
Other insurers may itemize under each caption if reportable assets are minimal.*

(1) Descriptions, including Company's Investment Number	(2) Assets	(3) Due and Accrued Items	(4) Total Cols. (2) and (3)	(5) Nonadmitted Assets	(6) Net Admitted Assets	(7) Caption Totals
(A) Real Estate	\$	\$	\$	\$	\$	XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Real Estate	\$	\$	\$	\$	\$	\$
(B) Mortgage Loans	\$	\$	\$	\$	\$	XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Mortgage Loans	\$	\$	\$	\$	\$	\$
(C) Collateral Loans	\$	\$	\$	\$	\$	XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Collateral Loans	\$	\$	\$	\$	\$	\$
(D) Bonds	\$	\$	\$	\$	\$	XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Bonds	\$	\$	\$	\$	\$	\$
(E) Stocks	\$	\$	\$	\$	\$	XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Stocks	\$	\$	\$	\$	\$	\$
(F) Other Investments						XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX
Total Other Investments	\$	\$	\$	\$	\$	\$
Total Asset Values						

**PART II**

Schedule of investments authorized under Article 2 of Chapter 14 in excess of prescribed limits for Category 1 investments.

- A. Admitted Assets and Surplus to Policyholder calculations. Use Admitted Assets and Surplus to Policyholder values reported in the most current quarterly or annual financial statement. Health Maintenance Organizations (HMOs) should use Admitted Assets and Net Worth values.

Total Admitted Assets per current financial statement: \$ \_\_\_\_\_

Percentage amounts used in subparts B and C:

0.5%	\$ _____	15%	\$ _____
1%	\$ _____	20%	\$ _____
2%	\$ _____	25%	\$ _____
3%	\$ _____	30%	\$ _____
4%	\$ _____	40%	\$ _____
5%	\$ _____	60%	\$ _____
10%	\$ _____	90%	\$ _____

Total Surplus to Policyholders or HMO Net Worth per current financial statement: \$ \_\_\_\_\_

Percentage amount used in subparts B and C: 20% \$ \_\_\_\_\_

B. Investment limitations for any one obligor, issuer, loan, issue, pool, security or credit risk. Include collateral supporting loans under § 38.2-1430 and insurer's share of joint ventures. Do not include in the calculation of subpart B any assets listed in Part I. For each item in which excess is reported attach a schedule itemizing the investments responsible for such excess.

- Total investments exceeding the lesser of 5% of admitted assets or 20% of surplus to policyholders or HMO net worth with any one obligor or issuer. Do not include exceptions provided for under § 38.2-1413 A 1-7 or investments reportable under items 17 or 18 of this subpart B. (§ 38.2-1413 A) \$ \_\_\_\_\_
- Total investments exceeding 10% of admitted assets in obligations of one obligor or issuer where the obligations are those of an agency or instrumentality of the United States (§ 38.2-1413 A 6) \$ \_\_\_\_\_
- Total investments classified by the NAIC accounting practices and procedures manual as cash or cash equivalent or short term investment rated "AAA" or better or the equivalent rating by Moody's Investors Service, Inc., S&P or Fitch IBCA exceeding the lesser of 10% of admitted assets or 20% of surplus to policyholders or HMO net worth with any one obligor or issuer. (§ 38.2 1413 A 7) \$ \_\_\_\_\_
- Total investments exceeding 1% of admitted assets in individual issues of certain stocks (§ 38.2-1413 B) \$ \_\_\_\_\_
- Total investments exceeding 0.5% of admitted assets in certain individual construction loans (§ 38.2-1413 C) \$ \_\_\_\_\_
- Total investments exceeding 1% of admitted assets in individual wrap-around mortgages (§ 38.2-1413 D) \$ \_\_\_\_\_
- Total investments exceeding 5% of admitted assets in obligations of a single international agency (§ 38.2-1414 A 2) \$ \_\_\_\_\_

8. Total investments exceeding 5% of admitted assets in obligations issued or guaranteed by any one state (§ 38.2-1415 C 3) \$ \_\_\_\_\_
9. Total investments exceeding 5% of admitted assets in obligations issued or guaranteed by any one political subdivision (§ 38.2-1415 D 4) \$ \_\_\_\_\_
10. Total investments exceeding 2% of admitted assets in anticipation obligations of any one political subdivision (§ 38.2-1415 E 4) \$ \_\_\_\_\_
11. Total investments exceeding 2% of admitted assets in state or municipal revenue obligations issued in connection with any one facility (§ 38.2-1415 F 4) \$ \_\_\_\_\_
12. Total investments exceeding 2% of admitted assets in state or municipal revenue obligations payable from revenue or earnings sources which are the contractual responsibility of any one single credit risk (§ 38.2-1415 F 5) \$ \_\_\_\_\_
13. Total investments exceeding 2% of admitted assets in other revenue obligations of state and local governments issued in connection with any one facility (§ 38.2-1415 G 2) \$ \_\_\_\_\_
14. Total investments exceeding 2% of admitted assets in other revenue obligations payable from sources which are the contractual responsibility of any one single credit risk (§ 38.2-1415 G 4) \$ \_\_\_\_\_
15. Total investments exceeding 5% of admitted assets in obligations of any one single Canadian province (§ 38.2-1416 C 3) \$ \_\_\_\_\_
16. Total investments exceeding 2% of admitted assets in obligations of any one Canadian local government (§ 38.2-1416 D 4) \$ \_\_\_\_\_
17. Total investments exceeding 2% of admitted assets in lease obligations of any one entity and/or obligations secured by certain leases to any one business entity (§ 38.2-1422 B) \$ \_\_\_\_\_
18. Does insurer own more than 10% of the common stock of any one bank? (§ 38.2-1425 B)  
Yes \_\_\_\_\_ No \_\_\_\_\_ If YES, aggregate value of such holdings: \$ \_\_\_\_\_
19. Does insurer own more than 10% of the common stock of any one corporation or issuer? (§ 38.2-1427 C)  
Yes \_\_\_\_\_ No \_\_\_\_\_ If YES, aggregate value of such holdings: \$ \_\_\_\_\_
20. Total investments exceeding 1% of admitted assets in foreign securities which are rated medium grade (§ 38.2-1433 B i) \$ \_\_\_\_\_
21. Total investments exceeding 3% of admitted assets in foreign securities in a single foreign jurisdiction (§ 38.2-1433 B ii) \$ \_\_\_\_\_
22. Total investments exceeding 2% of admitted assets in mortgages covering any one secured location (§ 38.2-1437 F) \$ \_\_\_\_\_
23. Total investments exceeding 4% of admitted assets in mortgages with any one obligor (§ 38.2-1437 F) \$ \_\_\_\_\_
24. Total investments exceeding 2% of admitted assets in a single pool of mortgage pass-through securities (§ 38.2-1437.1 3) \$ \_\_\_\_\_

25. Total investments exceeding 4% of admitted assets in a single property or group of contiguous properties (§ 38.2-1441 B 4) \$ \_\_\_\_\_

C. General investment limitations. Include collateral supporting loans under § 38.2-1430 and insurer's share of joint ventures. Do not include in the calculation of subpart C any assets listed in Part I or any excess accounted for in subpart B of this Part II.

1. Investments in Canadian government and corporate obligations under §§ 38.2-1416 and 38.2-1417 exceeding 10% of admitted assets (§ 38.2-1414 A 1) \$ \_\_\_\_\_
2. Investments in obligations of certain international agencies under § 38.2-1418 exceeding 10% of admitted assets (§ 38.2-1414 A 2) \$ \_\_\_\_\_
3. Investments in railroad related securities under § 38.2-1419 exceeding 10% of admitted assets (§ 38.2-1414 A 3) \$ \_\_\_\_\_
4. Investments in transportation equipment trust certificates under § 38.2-1420 exceeding 10% of admitted assets (§ 38.2-1414 A 4) \$ \_\_\_\_\_
5. Investments in business entity obligations and certain leases under §§ 38.2-1421 and 38.2-1422 exceeding 90% of admitted assets for a life insurer and 40% for all other insurers (§ 38.2-1414 A 5) \$ \_\_\_\_\_
6. Investments in business entity obligations, typed as medium grade under § 38.2-1421 B exceeding 10% of admitted assets (§ 38.2-1414 A 6) \$ \_\_\_\_\_
7. Investments in business entity obligations, typed as lower grade and rated 4 under § 38.2-1421 C exceeding 2% of admitted assets (§ 38.2-1414 A 6) \$ \_\_\_\_\_
8. Investments in lease-secured obligations under § 38.2-1422 exceeding 20% of admitted assets (§ 38.2-1414 A 7) \$ \_\_\_\_\_
9. Investments in preferred stocks under § 38.2-1423 exceeding 10% of admitted assets (§ 38.2-1414 A 8) \$ \_\_\_\_\_
10. Investments in guaranteed stocks under § 38.2-1424 exceeding 5% of admitted assets (§ 38.2-1414 A 9) \$ \_\_\_\_\_
11. Investments in bank common stocks under § 38.2-1425 exceeding 5% of admitted assets (§ 38.2-1414 A 10) \$ \_\_\_\_\_
12. Investments in limited partnerships under § 38.2-1427.1 exceeding 5% of admitted assets (§ 38.2-1414 A 11) \$ \_\_\_\_\_
13. Investments in common stock, limited partnerships and mutual funds under §§ 38.2-1427, 38.2-1427.1 and 38.2-1427.2 exceeding the lesser of 15% of admitted assets or the amount by which surplus to policyholders or HMO net worth exceeds minimum capital and surplus or the HMO's minimum net worth requirement less excess limited partnership investments in item 12 above (§ 38.2-1414 A 11) \$ \_\_\_\_\_
14. Aggregate investments in subsidiaries under § 38.2-1427.3 exceeding the lesser of 10% of admitted assets or 50% of surplus to policyholders or HMO net worth in excess of minimum capital and surplus or the HMO's minimum net worth requirement (§ 38.2-1414 A 12) \$ \_\_\_\_\_

15. Investments in foreign securities under § 38.2-1433 B exceeding 10% of admitted assets, excluding amounts reported in Subpart B, lines 19 or 20, and foreign securities under § 38.2-1433 A that support the company's deposit and reserve obligations incurred in a foreign country (§ 38.2-1414 A 13) \$ \_\_\_\_\_
16. Investments in construction loans under § 38.2-1434 3 exceeding 2% of admitted assets (§ 38.2-1414 A 14) \$ \_\_\_\_\_
17. Investments in second/wrap around mortgages under § 38.2-1435 exceeding 2% of admitted assets (§ 38.2-1414 A 15) \$ \_\_\_\_\_
18. Investments in mortgage participations under § 38.2-1436 exceeding 10% of admitted assets (§ 38.2-1414 A 16) \$ \_\_\_\_\_
19. Investments in mortgages and mortgage related securities under §§ 38.2-1437.1, 38.2-1434, 38.2-1435, 38.2-1436 and 38.2-1439 exceeding 60% of admitted assets for life insurers and 30% for all other insurers (§ 38.2-1414 A 17) \$ \_\_\_\_\_
20. Investments in personal property under § 38.2-1440 exceeding 2% of admitted assets (§ 38.2-1414 A 18) \$ \_\_\_\_\_
21. Investments in hotel real estate under § 38.2-1441 exceeding 5% of admitted assets (§ 38.2-1414 A 19) \$ \_\_\_\_\_
22. Investments in real estate under § 38.2-1441 less excess hotel investments in item 19 above, exceeding 25% of admitted assets (§ 38.2-1414 A 19) \$ \_\_\_\_\_
23. Investments in state government obligations under § 38.2-1415 C exceeding 30% of admitted assets (§ 38.2-1415 C 4) \$ \_\_\_\_\_
24. Investments in local government obligations under § 38.2-1415 D exceeding 30% of admitted assets (§ 38.2-1415 D 5) \$ \_\_\_\_\_
25. Investments in anticipation obligations under § 38.2-1415 E exceeding 10% of admitted assets (§ 38.2-1415 E 5) \$ \_\_\_\_\_
26. Investments in state or municipal obligations under § 38.2-1415 F exceeding 25% of admitted assets (§ 38.2-1415 F 6) \$ \_\_\_\_\_
27. Investments in other revenue obligations of state and local government under § 38.2-1415 G in excess of 25% of admitted assets (§ 38.2-1415 G 5) \$ \_\_\_\_\_
28. Has the insurer invested more than 10% of its admitted assets in § 38.2-1441 C accommodation real estate? Yes \_\_\_\_\_ No \_\_\_\_\_
- a. Aggregate amount of accommodation real estate \$ \_\_\_\_\_
- b. Amount recognized by the Commission as Category ( )\*
- c. Balance: line a - line b \$ \_\_\_\_\_

\*Note: Approval letter must be attached to this filing if 10% limitation is exceeded due to investments made on or after 7/1/92.

Total Part II (B and C) \$ \_\_\_\_\_

**PART III - SUMMARY**

- |   |          |                   |
|---|----------|-------------------|
| 1. Capital and surplus or HMO net worth   | \$ _____ |                   |
| 2. Minimum capital and surplus or the HMO's minimum net worth requirement<br>(§ 38.2-1401 generally, HMOs see particularly § 38.2-4302 of the Code of Virginia) | \$ _____ |                   |
| 3. Balance available for Category 2 investments [(Line 1 - Line 2) X 75%]   | \$ _____ |                   |
| 4. Total Part I   | \$ _____ |                   |
| 5. Total Part II  | \$ _____ |                   |
| 6. Total Parts I and II   |          | \$ _____          |
| 7. Excess of Line 3 over Line 6.<br>(If negative show in parenthesis)   |          | \$ _____<br>===== |

**PART IV**

Schedule of prohibited investments and related investment considerations. With regard to subparts A and B, positive responses indicate that future acquisitions of any medium or lower grade obligations may be prohibited. Further, acquisitions occurring on or after July 1, 1992 in contravention of limits described in subparts A and B may have resulted in the acquisition of prohibited investments.

A. Category limits affecting acquisitions of medium and lower grade obligations.

- |   |          |
|---|----------|
| 1. Investments in medium and lower grade obligations in excess of 20% of admitted assets (§ 38.2-1411.2 A)    | \$ _____ |
| 2. Investments in lower grade obligations in excess of 10% of admitted assets (§ 38.2-1411.2 A 1)             | \$ _____ |
| 3. Investments in lower grade obligations rated 5 or 6 in excess of 3% of admitted assets (§ 38.2-1411.2 A 2) | \$ _____ |
| 4. Investments in lower grade obligations rated 6 in excess of 1% of admitted assets (§ 38.2-1411.2 A 3)      | \$ _____ |

If any positive amounts are reported on lines 1-4, attach a listing of the transactions (purchases, sales, exchanges or payments in kind, etc.) that impacted the limitation in question during the reporting period.

B. Issuer, guarantor, insurer limits for identifying prohibited acquisitions.

- |  |                    |
|--|--------------------|
| 1. Are more than 1% of insurer's admitted assets invested in medium grade obligations issued, guaranteed or insured by any one institution or business entity? (§ 38.2-1411.2 B) | Yes _____ No _____ |
|--|--------------------|

2. Are more than 1/2 of 1% of insurer's admitted assets invested in lower grade obligations issued, guaranteed or insured by any one business entity? (§ 38.2-1411.2 B) Yes \_\_\_\_\_ No \_\_\_\_\_
3. Are more than 1% of insurer's admitted assets invested in a combination of medium and lower grade obligations issued, guaranteed or insured by any one business entity? (§ 38.2-1411.2 B) Yes \_\_\_\_\_ No \_\_\_\_\_
4. Has the insurer acquired any obligations of a business entity under the conditions described in § 38.2-1411.2 D in excess of 1/2 of 1% of admitted assets? Yes \_\_\_\_\_ No \_\_\_\_\_

For any of the questions in subpart B answered affirmatively attach a listing of the obligations that caused such response. Include a description of each investment, the date of investment, valuation method, and values currently and at date of investment.

C. Interrogatories.

1. Are any of insurer's funds invested in securities or other investments prohibited by § 38.2-1407? Yes \_\_\_\_\_ No \_\_\_\_\_  
If YES, explain in detail.
2. Section 38.2-1406 requires the sale or other disposal of certain investments. Are any such investments now held by the company? Yes \_\_\_\_\_ No \_\_\_\_\_  
If YES, has an extension of time for such disposal been requested of and granted by the Commission? No \_\_\_\_\_ Yes \_\_\_\_\_
3. Are more than 2% of the insurer's admitted assets invested in medium grade and/or lower grade obligations of any one business entity? Yes \_\_\_\_\_ No \_\_\_\_\_  
If YES, attach a copy of the investments plan required by § 38.2-1411.2 G.

**AFFIDAVIT**

Dated and signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at \_\_\_\_\_.

\_\_\_\_\_, being duly sworn according to law, deposes and says that the  
(Name of Officer)  
answers to the questions and the declarations contained in this report are true and correct.

\_\_\_\_\_  
(Signature of Officer) (Title)

State of \_\_\_\_\_

City/County of \_\_\_\_\_

Personally appeared before me the above named \_\_\_\_\_, personally known to me, who, being duly sworn, deposes and says that he/she executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_